



WEEKLY OUTLOOK

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CORN AND SOYBEAN EXPORT PROGRESS

December 1 marked the end of the first quarter of the 1999-00 corn and soybean marketing year. It is a good time to evaluate export progress for the year. There are three sources of information on exports – the USDA's weekly export inspections report released each Monday morning, the USDA's weekly export sales report released on Thursday mornings, and the monthly Census Bureau report. The weekly reports show progress as of the previous Thursday, while the Census Bureau report has about a 6 week lag. The two USDA reports are not always consistent because the export sales report reflects only commercial sales. The Census Bureau figure becomes the official estimate of exports, but is not always consistent with the USDA reports. For the 1998-99 marketing year, as an example, the USDA's weekly inspections report showed marketing year soybean exports of 847 million bushels. The Census Bureau reported exports of 801 million bushels. The discrepancy is one of the reasons the USDA shows a large residual (unexplained) use of soybeans during the 1998-99 marketing year.

For the current marketing year, the USDA projects soybean exports at 865 million bushels, 8 percent more than exported last year. As of December 2, 1999, the USDA's weekly export inspections report showed cumulative marketing year shipments of 320 million bushels, about 8 percent more than reported last year. Through the first quarter last year, however, the USDA inspections figure exceeded the Census Bureau estimate by 15 million bushels. In the first month (September) of the 1999-00 marketing year, the USDA inspections figure exceeded the Census Bureau estimate by about 2.2 million bushels. Census estimates are not available for October and November.

Based on the weekly export sales report through November 25, 1999, cumulative exports were 11.4 percent larger than on the same date last year. Exports plus outstanding sales were about 10 percent larger than on the same date last year. Sales to Asia are down 5 percent while sales to Mexico are up 23 percent. Sales to the largest buyer, the European Union, are up 5 percent in spite of the controversy over genetically modified crops.

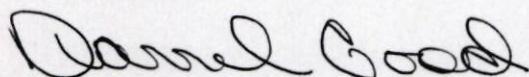
One of the factors that will influence the demand for U.S. soybeans for the remainder of the marketing year is the size of the South American harvest. The USDA's latest forecast is for a 3 percent decline in the size of that crop. Some early season dryness in southern Brazil has been noted, but additional rainfall is forecast for this week. The USDA forecast

of 865 million bushels of soybean exports for the current marketing year appears to be on target.

For the current marketing year, the USDA projects corn exports at 1.925 billion bushels, 3 percent less than exported last year. Through December 2, 1999 the USDA's weekly export inspections report showed cumulative corn exports at 541 million bushels, 18 percent more than shipped on the same date last year. Last year, export shipments started slowly and were extremely large in the fourth quarter of the year. As of November 25, 1999 unshipped sales of corn totaled 330 million bushels, about 11 million bushels less than on the same date last year. Total export commitments (shipments plus outstanding sales) were about 9 percent larger than commitments of a year ago. Sales to the largest buyer, Japan, are up by 10 percent, while sales to Taiwan and South Korea are down by 6 percent and 10 percent, respectively. The decline, at least in part, is explained by more aggressive corn exports by China. China is expected to export nearly 200 million bushels of corn this year, 40 percent more than exported last year.

Unless there is a problem with the Argentine crop, the USDA's current forecast of corn exports for this year seems appropriate. If so, the pace of shipments, compared to last year, will slow as the year progresses.

Corn and soybean prices continue at a low level and in a relatively narrow range during the post-harvest period. That pattern is likely to persist into the first part of 2000. Farmer deliveries will likely be large during the first half of January, putting a halt to the strengthening of the basis. South American weather will become a more serious market factor as the crops move into the critical stage of the growing season. Forecasts for U.S. growing season weather will also take on more importance. The general marketing strategy appears to be unchanged – use the loan program for downside price protection while waiting for a weather rally.



Issued by Darrel Good
Extension Economist
University of Illinois

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University of Illinois
at Urbana-Champaign
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